

STATE OF MAINE  
PUBLIC UTILITIES COMMISSION

August 10, 1998

ORDER

GRAY WATER DISTRICT,  
Proposed Main Extension and  
Service Agreement with Cole  
Thompson and Don Hutchings

Docket No. 98-401

GRAY WATER DISTRICT,  
Emergency Interconnection  
Agreement with Pineland

Docket No. 98-517

WELCH, Chairman and NUGENT, Commissioner

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## **I. SUMMARY OF ORDER**

We approve these agreements to allow the Gray Water District 1) to acquire the existing water system serving Cole Thompson and Don Hutchings from the State of Maine and to provide service to Messrs. Thompson and Hutchings hereafter, and 2) to enter a mutually beneficial emergency back up water supply arrangement with the State, under the terms set out in these agreements.

## **II. PROCEDURAL HISTORY**

On May 28, 1998, the Gray Water District (the District) filed for Commission approval a Main Extension Agreement between the District, Cole Thompson, and Don Hutchings. The District requests an exemption from Chapter 65, Section 6(E) to allow it to extend service to Messrs. Thompson and Hutchings under the terms set out in the agreement. The Commission assigned this matter Docket Number 98-401.

On July 7, 1998, the District filed for approval, pursuant to 35-A M.R.S.A. §703(3-A) and Chapter 65, Section 6(E), an Emergency Interconnection Agreement between the District and the State of Maine. The District filed an executed copy of the agreement on July 24, 1998. The District stated that this agreement is intended to replace interconnection agreements dating back to 1994 which terminated on June 30, 1998. The Commission assigned this matter Docket Number 98-517.

On July 31, 1998, the District filed a letter clarifying the reason why the District seeks to have the agreements approved

under Chapter 65, rather than solely under Chapter 62 of the Commission's rules. Additionally, the letter explains the District's plans with respect to the use of a \$75,000 payment from the State to the District in conjunction with this agreement.

Because these matters are interrelated, we will consolidate these cases for purposes of our deliberations and order.

### **III. DESCRIPTION OF AGREEMENTS**

#### **A. Main Extension and Service Agreement (D.N.98-401)**

For many years, Cole Thompson and Don Hutchings have been served off the Pineland water system, essentially by special arrangement.<sup>1</sup> The Pineland system is a water system owned by the State of Maine and constructed to serve its Pineland Center facilities. The State's Pineland property is now being sold and Messrs. Thompson and Hutchings have requested that the District extend service to them.

The State will transfer to the District approximately 2000 feet of Pineland's distribution system along Depot Road (an 8" main) so that it may be used by the District to serve Thompson and Hutchings whose premises are located on an existing private service line.<sup>2</sup> Thus, the District characterizes this transaction as essentially a main extension needed by the District to serve Thompson and Hutchings.

In addition, the State has agreed to pay the District \$75,000 to compensate the District for the age and condition of the main. In its cover letter, the District states "[t]his will allow the Water District to make some of the necessary improvements and upgrades to the Depot Road main without burdening existing ratepayers."

The District identifies the following sections of Chapter 65 as those from which the agreement deviates and for which it requests waivers:

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<sup>1</sup> The State did not provide service to Messrs. Hutchings and Thompson as a public utility.

<sup>2</sup> The filing contains property descriptions and a Declaration of Covenants executed by Messrs. Thompson and Hutchings documenting their agreement to receive service from the District subject to this Main Extension and Service Agreement.

1. Thompson and Hutchings will not be required to have separate service lines as required in Section 2(C);
2. The main extension does not extend to the center line of either the Thompson or Hutchings home as required by Section 2(H);
3. The District has not been able to ensure that the main extension complies with the District's standards for materials and installation or is adequate and safe for the intended purpose as provided in Section 2(J);
4. The District will not provide private or public fire protection until the main is replaced, Section 3(A); and
5. Neither Thompson, nor Hutchings, nor any future customer located along the Depot Road main extension will be required to make contributions as provided in Section 3(C).

By letter dated July 31, 1998, the District further confirmed that it seeks explicit Chapter 65 waivers on these points so that it will not be subject to criticism and possible cost liability in the future as a result of allowing a non-conforming service extension to these customers. Finally, the District indicated that it has not determined how it will use the \$75,000 payment from the State. It states that it "expects to segregate the funds and only use them for capital improvement projects or repairs to the Depot Road Maine (sic) extension," but it is exploring whether it would be better to make the funds generally available to the District's future capital improvement projects.

#### B. Emergency Interconnection Agreement with Pineland

The proposed agreement is designed to replace a previous temporary interconnection agreement which terminated on June 30, 1998.<sup>3</sup> The parties designate the intersection of Town Farm Road and Depot Road in Gray, Maine, as the point of interconnection

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<sup>3</sup> The District has filed seven supplemental agreements amending the initial Temporary Interconnection Agreement dated November 15, 1994 among the District, Messrs. Thompson and Hutchings, and the State of Maine since that date.

between the District's and Pineland's systems. The filed agreement documents the District and the State's agreement that either party will supply water to the other party in response to emergencies, such as a major fire or natural disaster.

The terms of the proposed agreement provide that the interconnection shall consist of a single valve initially, the cost of which will be borne equally by the State and the District. Future modifications or improvements to the intersection will be by mutual agreement of the State and the District. This valve will remain closed except when they both agree that it is necessary for one of them to supply water to the other's system in response to an emergency. The price to be paid to either the State or the District for any water supplied under this agreement will be the District's then-approved trailing block rate for consumption by any District customer. The agreement is subject to the approval of this Commission and the Department of Human Services Drinking Water Program. The agreement will become effective with the transfer of the Depot Road main, the installation by Pineland of a new shut-off valve, and this Commission's approval of the Main Extension and Service Agreement between the District and Messrs. Thompson and Hutchings (Docket No. 98-401).<sup>4</sup> The agreement also contains various liability provisions.

#### IV. DISCUSSION

We find the agreements to serve reasonable public purposes and approve them without modification. We note, however, that we approve the Main Extension and Service Agreement both as a limited service agreement under Chapter 62, insofar as fire protection is not available to these customers presently, and pursuant to Chapter 65 granting the waivers identified by the District herein.

We will not require the District to use the \$75,000 funds in any particular manner at this time. However, the District's use of these funds may be considered in future rate proceedings.

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<sup>4</sup> The agreement contains an August 1, 1998 deadline for these three events which reportedly has been extended by agreement of the parties to allow the Commission to consider this matter on August 10, 1998.

We also approve the Emergency Interconnection Agreement between the District and the State as a special contract arrangement pursuant to 35-A M.R.S.A. § 703(2) and Chapter 65, Section 6(E).

Dated at Augusta, Maine this 10th day of August, 1998.

BY ORDER OF THE COMMISSION

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Dennis L. Keschl  
Administrative Director

COMMISSIONERS VOTING FOR: WELCH  
NUGENT